



**MARYLAND HEALTH CARE COMMISSION**

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**MEMORANDUM**

**TO:** Commissioners

**FROM:** Kevin R. McDonald  
Chief, Certificate of Need

**DATE:** September 18, 2014

**SUBJECT:** Talbot Hospice Foundation  
Docket No. 14-20-2353

Enclosed is a staff report and recommendation for a Certificate of Need (“CON”) application filed by Talbot Hospice Foundation (“THF”). THF is licensed as a *limited hospice care program* authorized to serve “the special physical, psychological, spiritual, and social needs of dying individuals and their families (with) ...palliative and supportive non-skilled services through a home-based hospice care program during illness and bereavement” in Talbot County. This project seeks to expand THF’s role to include the services of a *general hospice care program* by providing palliative and supportive medical, nursing, and other health care.

The total estimated cost of the project is \$225,100. THF will finance the total cost of this project through available cash on hand.

Staff recommends approval of this project with the following conditions:

1. *Care Health Services, Inc., d/b/a Shore Home Care and Hospice, must provide evidence to the Commission that it has relinquished its hospice license*
2. *THF must abide by OHCQ’s determination of the proper licensure status for its “Guest Wing,” which is currently licensed as an assisted living facility.*

IN THE MATTER OF  
TALBOT HOSPICE  
FOUNDATION, INC.

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BEFORE THE  
MARYLAND HEALTH  
CARE COMMISSION

DOCKET NO. 14-20-2353

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## **Staff Report and Recommendation**

**September 18, 2014**

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## I. INTRODUCTION

### A. The Applicant

Talbot Hospice Foundation, Inc. (“THF” or “Talbot Hospice”) was founded in 1981 and has been licensed as a “limited hospice care program” authorized to provide services in Talbot County since 1995. THF is applying to broaden its services and become a “general hospice care program” for Talbot County.

The distinction between a limited hospice and a general hospice program is that a general hospice program provides the skilled medical and nursing components that a limited hospice is not legally permitted to provide.<sup>1</sup>

THF’s application provides a historical overview, stating that “hospice originated in Talbot County at the behest of Dr. Eugene Guthrie, then the County’s Medical Officer and Director of its Department of Public Health.” THF initially supported the Hospice Program of the Department of Public Health through volunteers and fundraising. The Health Department and Talbot Hospice collaborated in the provision of hospice services, with the Health Department providing medical direction and nursing services and Talbot Hospice providing financial support, volunteers, a bereavement program and spiritual services.

Subsequently, with the founding of Shore Health System, the provision of medical, nursing, and skilled health care services to hospice patients in Talbot County transitioned to Care Health Services, Inc., d/b/a Shore Home Care and Hospice (“CHSI” or “Shore”), with whom THF entered a series of coordinating agreements. Under these agreements, THF served as the hospice fundraising entity for Talbot County and provided volunteers, bereavement, and spiritual services, and also conducted outreach to medical providers and general public education while Shore Hospice provided the skilled component of hospice patient care. (DI#3, p. 26)

In 1998, THF opened a six-bed residential facility called the “Guest Wing,” providing an alternative residential setting for hospice patients in need of a place to live. Beginning As of January 1, 2014, the Office of Health Care Quality (“OHCQ”) of the Department of Health and Mental Hygiene has required residential facilities of this kind to be licensed as a “Hospice House” and only general hospices are eligible to be licensed to be run by a general hospice program operate a hospice house. In the absence of a general hospice license, THF was allowed to continue to operate licensed the Guest Wing as an assisted living facility. The Guest Wing is

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<sup>1</sup> *Limited Hospice Care Program* (is) a coordinated, interdisciplinary program of hospice care services...for meeting the special physical, psychological, spiritual, and social needs of dying individuals and their families, by providing palliative and supportive non-skilled services through a home-based hospice care program during illness and bereavement...

*General Hospice Care Program* [is] a coordinated, interdisciplinary program of hospice care services...for meeting the special physical, psychological, spiritual, and social needs of dying individuals and their families, by providing palliative and supportive medical, nursing, and other health care services through home or inpatient care during the illness and bereavement....

**COMAR 10.24.13.07 B. Terms Defined.**

licensed as a Level Three assisted living facility and serves residents who obtain routine or continuous hospice care through Shore Home Care and Hospice. (DI#13)

Because THF, as a limited hospice, is ineligible for a “hospice house” to be the licensee for operation of the Guest Wing under OHCQ regulations, THF petitioned MHCC to provide it with an opportunity to apply for a general hospice license status during the updating process for the Hospice chapter of the State Health Plan in 2012 and 2013. Achieving this status would allow it to both own and operate the Guest Wing. Shore has been the only alternative licensee for the Guest Wing, because it is the only general hospice authorized by MHCC to serve residents of Talbot County. The updated Hospice Chapter, COMAR 10.24.13, adopted by the Commission in October, 2013, included a provision that made submission of this application possible, as will be discussed later in this report.

Shore and the Hospice of Queen Anne’s are currently seeking an exemption from CON that will allow these two general hospices to merge and replace Shore as the only authorized general hospice provider in Talbot and Caroline Counties. If the merger is approved, Shore would continue to operate solely as a home health agency.

## **B. The Project**

This project seeks to expand THF’s role as a provider of hospice care to include the services of a general hospice care program, adding to the services Talbot Hospice currently provides as a limited hospice care program.

As a general hospice, THF would directly provide the “medical, nursing, and other health care services” required of a general hospice care program in addition to the social, spiritual, bereavement, financial, and volunteer services it already offers. THF would also take responsibility for arranging for all other hospice care for Talbot County patients, such as pharmacy services and respite care, and provide or arrange for all services that the State Health Plan for Hospice Services Chapter, (COMAR 10.24.13.05(C)), identifies as the minimum necessary for hospice. (DI#3) As a general hospice, it would be anticipated that THF would also transition the Guest Wing from its interim licensure status as an assisted living facility to the most appropriate licensure status for this facility, a hospice house, given that it would qualify as a hospice house licensee. *MHCC staff recommends that, as a condition of its CON, if approved by the Commission, THF must abide by OHCQ’s determination of the proper licensure status for its “Guest Wing” (currently licensed as an assisted living facility).*

The total cost of implementing the project is \$225,100. As shown in table I-1 below, legal fees, consulting, and start-up assistance account for about 68% of that cost. Working capital startup costs of \$69,600 will cover: computer hardware and software licenses (\$50,000); application fees for Medicare enrollment (\$1,000); fees for accreditation and licensure (\$4,600); minor non-medical equipment, furniture, and supplies (\$5,000); and initial staff training and the pre-employment costs (\$9,000). There is no construction or renovation cost associated with this project.

**Table I-1**

<b>Use of Funds</b>	
<b>Financing Cost and Other Cash Requirements</b>	
<b>Legal Fees, (CON Related).</b>	<b>40,000</b>
<b>Legal Fees (Other)</b>	<b>35,000</b>
<b>Printing</b>	<b>1,000</b>
<b>Consultant Fees</b>	
<b>CON Application Assistance</b>	<b>29,500</b>
<b>Other - Startup Assistance</b>	<b>50,000</b>
<b>SUBTOTAL</b>	<b>155,500</b>
<b>Working Capital Startup Costs</b>	<b>69,600</b>
<b>TOTAL USES OF FUNDS</b>	<b>\$ 225,100</b>
<b>Sources of Funds For Project</b>	
<b>Cash</b>	<b>225,100</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ 225,100</b>

THF will finance the total cost of this project through available cash on hand.

### **C. Background and Environment**

This proposed project is the product of lengthy negotiations between the limited license hospice and general hospice providers serving the four counties of Kent, Caroline, Talbot, and Queen Anne's. The original participants in these negotiations were the region's limited license hospice providers (THF and Caroline Hospice Foundation), general license hospice providers (the University of Maryland Shore Regional Health subsidiaries Chester River Home Health and Hospice and Care Health Services, Inc.), and UM Shore Regional Health.

These negotiations originally led to a plan that would have resulted in the merger of the two UM Shore Health Regional Health hospice subsidiaries, with Caroline Hospice Foundation and THF continuing as limited hospice providers (and THF also remaining an Assisted Living provider). In October 2013, the Maryland Health Care Commission ("MHCC") granted an exemption from CON review that would have allowed the consolidation of Chester River and CHSI, the two University of Maryland Shore Regional Health entities licensed as general hospices. If it had been completed, this arrangement would have formed a single general hospice serving four jurisdictions.

However, following that approval, further discussions concerning the merger of hospice operations on the Eastern Shore involving Shore, Talbot Hospice Foundation, and Caroline Hospice Foundation, led to a decision not to move forward with that consolidation plan. In a letter dated May 29, 2014, University of Maryland Medical System's Senior Vice President and General Counsel Megan Arthur informed MHCC that:

*The parties involved in the consolidation of hospice services in the Mid Shore region concluded that they could not move forward with the approved plan. As a result of that decision, UM Shore Regional Health did not consolidate the hospice services provided by the two companies...(and)...the parties plan to take another approach and will be submitting the required information to the Commission at the appropriate time.*

Subsequent discussions among those parties, joined at that point by Hospice of Queen Anne's (HQA), led to an alternate vision for the organization of hospice services in the four-county Mid Shore region. In that vision:

- HQA would consolidate with the hospice operations of Chester River to add Kent County to HQA's service area (approved by the Commission as an exemption to CON on July 17, 2014).
- HQA would consolidate with the hospice operations of CHSI (exemption request on MHCC's Sept. 18 agenda), further expanding HQA's general hospice operation into Talbot and Caroline Counties. Like Chester River, CHSI or Shore would only continue to operate as a home health agency, not a hospice agency;
- Talbot Hospice Foundation would apply for a CON and, if approved, would establish itself as a general hospice authorized to serve Talbot County.
- If/when THF is successful in the CON and license application process, HQA would withdraw from providing hospice services in Talbot County.

#### **D. Staff Recommendation**

Based on its review of the proposed project's compliance with the applicable State Health Plan criteria and standards in COMAR 10.24.13.05, State Health Plan: Hospice Services (the "Chapter"), and the criteria at COMAR 10.24.01.08G(3), staff recommends APPROVAL of the project, with the following conditions:

- 1. Care Health Services, Inc., d/b/a Shore Home Care and Hospice, must provide evidence to the Commission that it has relinquished its hospice license.*
- 2. THF must abide by OHCQ's determination of the proper licensure status for its "Guest Wing," which is currently licensed as an assisted living facility.*

## **II. PROCEDURAL HISTORY**

### **A. Record of the Review**

See Appendix 1.

### **B. Certificate of Need Docketing Rule – COMAR 10.24.13.04**

The State Health Plan chapter governing hospice services, at COMAR 10.24.13.04A(1), provides that:

[e]xcept as noted in .04B(1) and (2) below, the Commission will only consider an application for docketing to establish a new general hospice in the jurisdiction or to expand the general hospice services of an existing hospice to that jurisdiction if the net need in that jurisdiction exceeds the volume threshold of that jurisdiction, as determined by the need calculation methodology outlined in .06H of this chapter...."



While the net need in Talbot County does not exceed the volume threshold determined by the need calculation methodology (net need was just 4 compared to the threshold of 262), this application can be docketed under the provision of .04B(2), which provides:

[i]f a jurisdiction has only one authorized general hospice provider, the Commission may docket an application by an existing limited license hospice provider operating in the jurisdiction to become a general hospice in that jurisdiction.

Talbot County – with Shore as the only authorized general hospice provider serving this jurisdiction – meets this requirement, thus allowing THF to apply for a CON to become a general hospice in that jurisdiction.

### **C. Local Government Review and Comment**

Kathleen H. Foster, Talbot County Health Officer, submitted a letter strongly recommending approval of this application, stating Talbot Hospice’s “transition from a limited licensed program to a comprehensive general licensed hospice will enhance their ability to fulfill the mission of providing quality end-of-life care to the patients and families of Talbot County.”

The County Council of Talbot County sent a letter of support signed by all five Commissioners “fully support[ing] Talbot Hospice Foundation’s application and their efforts to become a full-service medical hospice.” Both documents are found in DI #3, Letters of Support.

### **D. Other Support and Opposition to the Project**

#### **Letters supporting the project from:**

- Senator Richard F. Colburn, 37<sup>th</sup> Legislative District, Caroline, Dorchester, Talbot, and Wicomico Counties
- Delegate Addie C. Eckardt, Legislative District 37B, Caroline, Dorchester, Talbot and Wicomico Counties
- Delegate Jeannie-Haddaway-Riccio, Legislative District 37B, Caroline, Dorchester, Talbot and Wicomico Counties
- Corey W. Pack, President, and the sitting members of County Council of Talbot County
- Robert C. Willey, Mayor, Town of Easton, Maryland
- John Ford, President, Easton Town Council
- Kathleen H. Foster, Health Officer, Talbot County Health Department
- Randy Esty, Mayor, Town of Queen Anne, Maryland
- Kenneth D. Kozel, President and CEO, University of Maryland Shore Regional Health – April 28, 2014 and September 4, 2014
- John Dillon, Chairman, Shore Regional Health Board of Directors
- John Thomas Smith, II, President, Board of Directors, Talbot Hospice Foundation
- A large number of letters from health care providers, clergy, and residents of Talbot County, including current or former members of the Board of Trustees as well as staff

and volunteers at Talbot Hospice Foundation, who each support approval of the CON application.

- In addition, Heather Guerieri, Executive Director, Hospice of Queen Anne's ("HQA") submitted a letter stating that "HQA supports expeditious consideration and approval of THF's CON application." (DI #13, Exhibit #3)

### **III. THE ENVIRONMENT**

#### **A. Demographics: Key Facts and Trends**

The service area identified for this project is Talbot County. A review of demographic and socioeconomic trends drawn from data compiled by the Maryland Department of Planning shows:

- The total population reported in the 2010 Census for Talbot County (37,782) represents approximately 0.7% of the total population for the State. (Table III-1 below)
- The population in Talbot County is expected to grow by 3,071 people (8.1%) from 2010 to 2020. The majority of the increase in population will be in the 65 years old and over cohorts. (Table III-1 below.)
- From 2010 to 2020, the 35 and over population<sup>2</sup> will increase by 10.2% and the 65 and over group by 35%.
- The median household income in Talbot County (\$59,307) is below the statewide median (\$71,707), although the number of residents below the poverty rate in this jurisdiction (9.5%) is lower when compared to 10.1% for the State. (Table III-2 below.)
- Talbot County has a much larger white population (79.0%) than the State (54.7%) as a whole. (Table III-2 below.)

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<sup>2</sup> COMAR 10.24.13.06, *Methodology for Projecting Need for General Hospice Services*, calculates hospice need using projections for the 35+ age cohort.

**Table III-1**

<b>Talbot Co.</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>	<b>2040</b>	<b>2010-2020</b>	<b>2020-2030</b>	<b>2030-2040</b>
<b>0-34</b>	13,342	13,926	14,035	14,560	4.4%	0.8%	3.7%
<b>35 &amp; over</b>	24,440	26,927	28,868	29,439	10.2%	7.2%	2.0%
<b>65 &amp; over</b>	8,958	12,094	14,784	15,282	35.0%	22.2%	3.4%
<b>Total</b>	<b>37,782</b>	<b>40,853</b>	<b>42,903</b>	<b>43,999</b>	<b>8.1%</b>	<b>5.0%</b>	<b>2.6%</b>
<b>State of Maryland</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>	<b>2040</b>	<b>2010-2020</b>	<b>2020-2030</b>	<b>2030-2040</b>
<b>0-34</b>	2,672,366	2,810,530	2,866,854	2,929,841	5.2%	2.0%	2.2%
<b>35 &amp; over</b>	3,101,186	3,403,976	3,737,001	3,926,409	9.8%	9.8%	5.1%
<b>65 &amp; over</b>	707,642	978,929	1,292,980	1,397,689	38.3%	32.1%	8.1%
<b>Total</b>	<b>5,773,552</b>	<b>6,214,506</b>	<b>6,603,855</b>	<b>6,856,250</b>	<b>7.6%</b>	<b>6.3%</b>	<b>3.8%</b>

Source: Maryland Department of Planning (1/28/2014)

**Table III-2**

<b>Characteristic</b>	<b>Maryland</b>	<b>Talbot County</b>
Persons below Poverty Rate, 2010-2012	10.1%	9.5%
Median HH income, 2010-2012	\$71,707	\$59,307
White Population, 2010*	54.7%	79.0%

Source: Income and Poverty Recession and Post-Recession Comparisons 2007-2009 and 2010-2012 for Maryland's Jurisdictions, Maryland Department of Planning, November 14, 2013.

\*Maryland Department of Planning (1/28/2014)

## **B. Hospice Utilization and Providers in Talbot County**

Cumulative hospice utilization in Talbot County has been in the top third among the counties of the Eastern Shore region during the 2007-2012 period, averaging 35.6% of potential patients compared to a target use rate of 45% (see table III-3 below).

Presently the only general hospice provider authorized to serve Talbot County is Care Health Services, Inc., d/b/a Shore Home Care and Hospice ("Shore"). Shore, however, plans to sell its hospice assets to Hospice of Queen Anne's, with HQA succeeding as Talbot's general hospice provider, and is seeking an exemption from CON for that transaction. However, HQA's presence in Talbot County is intended to be temporary; as part of the asset acquisition agreement with Shore, HQA agreed to withdraw from serving patients in Talbot County if the CON application submitted by Talbot Hospice Foundation is approved and implemented. (DI#14)

**Table III-3**  
**Maryland Hospice Use Rates, 2007-2012\***

Region	Jurisdiction	2007	2008	2009	2010	2011	2012	6 year average
Eastern Shore	Caroline Co.	0.31	0.22	0.28	0.27	0.18	0.24	0.250
	Cecil Co.	0.37	0.44	0.32	0.5	0.54	0.54	0.451
	Dorchester Co.	0.2	0.18	0.16	0.19	0.19	0.18	0.183
	Kent Co.	0.2	0.27	0.28	0.33	0.31	0.36	0.291
	Queen Anne's Co.	0.31	0.37	0.43	0.42	0.44	0.47	0.406
	Somerset Co.	0.22	0.32	0.25	0.26	0.38	0.39	0.303
	Talbot Co.	0.32	0.33	0.34	0.37	0.39	0.39	0.356
	Wicomico Co.	0.3	0.37	0.36	0.43	0.44	0.43	0.388
	Worcester Co.	0.27	0.27	0.32	0.36	0.42	0.46	0.350

\* Use rates are the ratio of 'All Hospice Deaths' to 'Population Deaths - Age 35+' to be consistent with the Hospice State Health Plan

Source: Hospice Deaths - MHCC Maryland Annual Hospice Survey (2007-2013); Population Deaths - Maryland Vital Statistics Administration Data (2007-2013, released 2014 with preliminary 2013 data)

## **IV. PROJECT CONSISTENCY WITH REVIEW CRITERIA**

### **A. COMAR 10.24.01.08G(3)(a) THE STATE HEALTH PLAN**

**10.24.13 .05 Hospice Standards.** The Commission shall use the following standards, as applicable, to review an application for a Certificate of Need to establish a new general hospice program, expand an existing hospice program to one or more additional jurisdictions, or to change the inpatient bed capacity operated by a general hospice.

**A. Service Area.** An applicant shall designate the jurisdiction in which it proposes to provide services.

Talbot Hospice states that the service area for the proposed licensed general hospice care program is Talbot County.

**B. Admission Criteria.** An applicant shall identify:

**(1) Its admission criteria;**

Talbot Hospice states that the licensed general hospice care program will include admission criteria as set forth both in the Medicare conditions of participation for hospice programs (42 C.F.R. § 418.1 *et seq.*) and the Department of Health and Mental Hygiene regulations for hospice care programs (COMAR 10.07.21.00 *et seq.*), as elaborated by the accreditation standards for hospice articulated by Community Health Accreditation Program, Inc. (DI #10, p. 21.2) The applicant states that the admissions criteria will include the following:

- The patient is certified as terminally ill.

- After consulting or otherwise seeking input from the patient's attending physician (if any), the medical director of Talbot Hospice recommends the patient for admission.
- The patient (or the patient's representative) elects to receive hospice services by filing an election statement with Talbot Hospice.

Talbot Hospice's utilization review for hospice will include a monitoring protocol to address utilization concerns relating to patient admissions, including delays in the admissions process.

The applicant complies with this standard.

**(2) Proposed limits by age, disease, or caregiver.**

Talbot Hospice stated that, generally, it will not restrict admission to its general hospice with two exceptions. These exceptions are: (1) patients suffering from an infectious disease not manageable by an infection control program meeting the requirements of 42 C.F.R. §418.60; and (2) pediatric patients, other than in exceptional circumstances. Pursuant to COMAR 10.24.13.04(D), Talbot Hospice intends to work with licensed general hospices in contiguous jurisdictions to arrange care for these patients, as appropriate.

Talbot Hospice complies with this standard.

**C. Minimum Services.**

**(1) An applicant shall provide the following services directly:**

- (a) Skilled nursing care;**
- (b) Medical social services;**
- (c) Counseling (including bereavement and nutrition counseling);**

Talbot Hospice will employ staff that directly provide to patients skilled nursing care, medical social services, and counseling services. The applicant submitted copies of its policies addressing nursing care, psychosocial services, and counseling services for both bereavement and nutritional needs, which include the roles and responsibilities for each service. (DI #3, Ex. III-05C(1)-a, b, c-i, & c-ii)

As a part of its interdisciplinary team treating the patient, the hospice nurse will play a key role in easing physical and psychosocial symptoms and initiating communication with the interdisciplinary group to establish the plan of care.

Talbot Hospice will provide psychosocial services by qualified social workers (MSW, BSW). These services include: assessing emotional factors related to terminal illness; patient and family/caregiver counseling around issues of death, dying, and grief; team and personnel support by assisting the physician and other interdisciplinary group members in recognizing and understanding the social/mental stress and/or disorder that exacerbates symptoms related to the terminal illness; and financial and community resource referrals.

The applicant will offer bereavement services to the families and caregivers of hospice patients both before and after the patient's death in accordance with the plan of care. Supervised

by a qualified Bereavement Coordinator, Talbot Hospice will provide bereavement services for up to one (1) year following the death of the patient. Services will be provided by personnel who have received training and have experience in dealing with grief.

Dietary counseling, when identified in the plan of care, will be performed by a registered dietician. The dietician will provide consultations, in-service training, and patient/family care to assist hospice personnel in providing effective ways of managing the nutritional needs of hospice patients.

Talbot Hospice has documented that it will provide these services; staff believes that the application is consistent with this standard.

**(2) An applicant shall provide the following services, either directly or through contractual arrangements:**

**(a) Physician services and medical direction;**

The applicant will contract with a physician to serve as the medical director for the hospice program's interdisciplinary care team. The medical director will work closely with the patients' attending physicians as well as relevant physicians in the community.

**(b) Hospice aide and homemaker services;**

Talbot Hospice will provide its patients the services of hospice aides. Talbot Hospice's utilization plan states that "Talbot Hospice may include hospice aide services for routine care on an intermittent basis when personal care is needed. Homemaker services may be included for routine care on an intermittent basis when non-hands-on-care is required." A copy of the policy and the duties of the hospice aides and homemaker was provided as an exhibit. (DI #3, Ex. III-05C(2)-b)

**(c) Spiritual services;**

The hospice will offer spiritual care counseling that is in keeping with the patient's/family's/caregiver's belief system and practice, and in accordance with the plan of care. A copy of the policy and the responsibilities of the hospice chaplain is included as an exhibit. (DI #3, Ex. III-05C(2)-c)

**(d) On-call nursing response;**

To ensure that patients have access to hospice services 24 hours per day, Talbot Hospice will make weekend and evening staffing available. Clinical personnel are expected to perform visits on an as-needed basis, including weekends. The on-call staff will be available after office hours, Monday through Friday, and 24 hours a day on weekends. The applicant included a copy of the policy and procedures for this service. (DI #3, Ex. III-05C(2)-d)

**(e) Short-term inpatient care (including both respite care and procedures necessary for pain control and acute and chronic symptom management);**

Talbot Hospice will have written agreements with other service providers for inpatient hospice care needs. Please see Talbot Hospice's response to COMAR 10.24.13.05L, *Linkages with Other Service Providers*, for further discussion on the applicant's plan to assure the availability of inpatient care.

Talbot Hospice will provide inpatient respite care to hospice patients at times when the patient and/or family has need for a short period of relief. The hospice will offer respite care through contractual arrangements with two skilled nursing facilities in the county, the William Hill Manor Healthcare (Easton) and The Pines Genesis Eldercare (Easton). Respite care will be offered on an as-needed basis for a maximum of five days per respite admission. Provision of care will be in accordance with the patient's plan of care established by the hospice's interdisciplinary group, with a copy of this plan of care provided to the skilled facility. Talbot Hospice will be responsible for the coordination of the patient's transfer into and out of the respite care facility, and a copy of the clinical record from respite care will be provided to Talbot Hospice upon discharge. The application a copy of respite care policy and procedures. (DI #3, Ex. III-05M)

The applicant will provide patients and family/caregivers with information regarding the safe and effective use of medications, and provide education on pain and the management of pain as an integral part of hospice care. Talbot Hospice Foundation included its policy and procedures titled *Safe/Effective Use of Medications and Pain Management Education*. (DI#3, Exhibits III-05F(4)-c and III-05F(4)-e) The policy provides that applicant stated that it will encourage patient and family/caregiver participation in hospice care and will explain the correct administration of medications by the patient or family/caregiver, as ordered by the attending physician (or other authorized licensed independent practitioner) or purchased over the counter. Education will also include the safe storage of medications.

**(f) Personal care;**

Talbot Hospice will use hospice aides, nurse educators, and other members of the interdisciplinary care team to assist patients and caregivers/families in personal care.

**(g) Volunteer services;**

Talbot Hospice will provide volunteer services directly. Please see the applicant's response to COMAR 10.24.13.05E, *Volunteers*, for further discussion on the availability of volunteer services.

**(h) Bereavement services;**

Talbot Hospice included a copy of its bereavement services policy and procedures. (DI #3, Exhibit III-05C12)-c-i). The applicant states that it will make arrangements for bereavement services as well as bereavement counseling for patients directly. It will offer

bereavement services to the families and caregivers of hospice patients both before and for up to one year after the patient's death. If, at one year, grieving is still perceived as acute, the Bereavement Coordinator will perform an assessment to determine what additional professional services may be necessary and make appropriate referrals as indicated. The applicant states that "the purpose of these services will be to facilitate a normal grieving process and to identify and appropriately refer those persons who may be experiencing pathological grief reactions that may interfere with the eventual resolution and integration of their losses." Bereavement services will be coordinated, insofar as possible, with the individual's clergy and/or with other community resources judged to be useful and beneficial to the family/caregiver.

**(i) Pharmacy services;**

Talbot Hospice will contract with Hill's Pharmacy and other external pharmacies locally to provide 24 hour access for medication as needed by hospice patients. The contracted services will include the ability to compound prescribed medications when ordered.

**(j) Laboratory, radiology, and chemotherapy services as needed for palliative care;**

The hospice will contract with existing providers for laboratory, radiology, and chemotherapy services.

**(k) Medical supplies and equipment; and**

Talbot Hospice will make medical supplies and equipment available through vendor contracts with Craig's Pharmacy (a certified Medicare vendor) and Medline. The hospice will maintain an adequate inventory of necessary supplies for the care of terminally ill patients, which the staff and volunteers can quickly deliver to the patients.

Talbot Hospice plans that its contract with Craig's Pharmacy will require the pharmacy to deliver durable medical equipment directly to the patient's residence. With respect to the arrangement with Medline, this vendor will ship certain medical equipment or supplies directly to the patient's residence.

**(l) Special therapies, such as physical therapy, occupational therapy, speech therapy, and dietary services.**

The applicant stated that it will contract with existing providers that offer physical therapy, occupational therapy, and speech therapy, and will also contract for dietary services. THF provided a copy of the policy and procedures for rehabilitation techniques. (DI #3, Ex. III-05(F)-d) The applicant states that the purpose of rehabilitation is "to provide guidelines for the instruction of patients and family/caregivers in habilitation or rehabilitation techniques to facilitate adaptation and/or functional independence."

**In summary, Talbot Hospice has documented that it will provide the Minimum**



**Services listed in subparagraphs (a) through (l), and is consistent with this standard.**

**(3) An applicant shall provide bereavement services to the family for a period of at least one year following the death of the patient.**

Talbot Hospice states that bereavement services will be offered for at least one year following the death of the patient, which is in compliance with this standard.

**D. Setting. An applicant shall specify where hospice services will be delivered: in a private home; a residential unit; an inpatient unit; or a combination of settings.**

The applicant seeks to become a licensed general hospice care program delivering home-based hospice services to residents in Talbot County. Talbot Hospice will provide services: in private homes; in residential facilities such as assisted living facilities and retirement homes; and in inpatient facilities such as skilled nursing facilities and hospitals.

The Talbot Hospice application complies with this standard.

**E. Volunteers. An applicant shall have available sufficient trained caregiving volunteers to meet the needs of patients and families in the hospice program.**

Talbot Hospice, as a limited license hospice, has over 300 volunteers who deliver non-skilled care to patients and families/caregivers. These volunteers work in both day-to-day administrative and direct patient care roles, which may include but are not limited to such tasks as: patient care; doula (end-of-life), assisting patients and families/caregivers when the patient is actively dying; bereavement; transportation; administrative; and occasional other tasks. A Coordinator of Volunteers will: direct this program; coordinate volunteer support with the patients and family/caregiver; document the efforts to recruit, train, and retain volunteers; track the use of volunteers, the cost savings achieved, and ensure that, as required by Medicare, the hours of the volunteer services exceed 5% of the total patient care hours of paid and contracted hospice personnel; and develop, implement, and evaluate the volunteer services program on an ongoing basis at least annually. The applicant provided a copy of the policies and procedures related to the volunteer program. (DI #3, Exhibit III-05E(2), E(3), and E(4)-b through d)

The Talbot Hospice application complies with this standard.

**F. Caregivers. An applicant shall provide, in a patient's residence, appropriate instruction to, and support for, persons who are primary caretakers for a hospice patient.**

Talbot Hospice will provide education and support to persons who are primary caretakers for a hospice patient. The applicant has a Nurse Educator on staff whose role is to provide appropriate education materials in verbal, visual, and written format as determined by the assessed needs, abilities, learning preferences, and readiness to learn of the patient and family/caregiver, as well as by the plan of care. In addition, the hospice offers a support group for caregivers that meets weekly to share the stresses and challenges of being a caregiver. (DI #10, p. 21.9 – 21.11)

Talbot Hospice complies with this standard.

**G. Impact. An applicant shall address the impact of its proposed hospice program, or change in inpatient bed capacity, on each existing general hospice authorized to serve each jurisdiction affected by the project. This shall include projections of the project's impact on future demand for the hospice services provided by the existing general hospices authorized to serve each jurisdiction affected by the proposed project.**

Care Health Services, Inc., d/b/a Shore Home Care and Hospice ("Shore") is the sole provider of general hospice care services in Talbot County presently. Shore is a subsidiary of University of Maryland Shore Regional Health, Inc. ("Shore Regional").

Shore Regional, Hospice of Queen Anne's, Inc. ("HQA"), and Talbot Hospice have come to an understanding regarding the provision of general hospice care services in Talbot County, and the counties contiguous to this jurisdiction along the middle portion of the Eastern Shore. These three organizations plan the following actions:

- a. Shore Regional and HQA are seeking MHCC issuance of an exemption from CON to consolidate the hospice operations of Shore with and HQA, leaving Shore as a home health agency only; Shore currently provides hospice care services to residents in both Caroline and Talbot Counties and is the only general hospice authorized to serve these jurisdictions. If this transaction is approved by MHCC, HQA will take over as the sole provider of hospice care to the residents of Talbot and Caroline Counties; HQA has agreed to stop serving Talbot County if the Talbot Hospice Foundation is approved to establish a general hospice and is sets up a licensed as general hospice care program.
- b. Talbot Hospice will apply for a CON to become a general hospice serving Talbot County.
- c. While HQA temporarily provides hospice services in Talbot County, it will receive a subsidy from Talbot Hospice because HQA believes it will operate in Talbot County at a loss. (DI# 21, p.8) That subsidy will take two distinct forms.
  - A subsidy of \$25.00 per census day for Talbot County patients served by HQA up to an average of **\$555.56** per day total to reflect increased incremental costs to HQA for serving Talbot County. The applicant states that Medicare reimbursement for Talbot County is generally not adequate to compensate for the cost of care and manpower, so that this subsidy would prevent any gaps in service between the end of Shore's program in Talbot County, and the beginning of Talbot Hospice's program.<sup>3</sup> (DI # 13, Question #9, p. 7)
  - A subsidy to compensate HQA for hiring and training personnel who are: (a) specifically hired for Talbot County, and (b) who will transition to Talbot Hospice

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<sup>3</sup> Talbot Hospice's agreement with HQA to provide the two subsidies expires no later than one year after HQA acquires Shore's Talbot County hospice program. Should the applicant receive a denial of the CON, Talbot Hospice's Board of Directors would have to decide whether to continue these subsidies

upon the granting of the CON and licensure of the hospice program. The subsidy will be \$6,240 per RN, \$3,120 per CNA, \$7,920 per social worker, and \$7,200 per grief counselor.

Because HQA has agreed not to compete with a hospice established by THF, Talbot Hospice's proposed general hospice program will not have an adverse impact on any existing hospice provider. Talbot County has one authorized general hospice care provider. It will have one such provider on a temporary basis if the Commission approves the merger of HQA and Shore. It will have one authorized general hospice if the THF application is approved and THF and HQA execute the contemplated transition plan.

**H. Financial Accessibility. An applicant shall be or agree to become licensed and Medicare-certified, and agree to accept patients whose expected primary source of payment is Medicare or Medicaid.**

Talbot Hospice agrees to become a licensed general hospice care program with the Maryland Department of Health and Mental Hygiene, and to obtain certification and participate in both the Medicare and Medicaid programs. (DI #10, p. 21.14)

Talbot Hospice has complied with this standard.

**I. Information to Providers and the General Public.**

**(1) General Information. An applicant shall document its process for informing the following entities about the program's services, service area, reimbursement policy, office location, and telephone number:**

- (a) Each hospital, nursing home, home health agency, local health department, and assisted living provider within its proposed service area;**
- (b) At least five physicians who practice in its proposed service area;**
- (c) The Senior Information and Assistance Offices located in its proposed service area; and**
- (d) The general public in its proposed service area.**

The applicant provided examples of brochures, fliers, and printed materials that Talbot Hospice will distribute to providers and the public regarding the hospice services offered. The hospice maintains a webpage, which the public can access at: [www.talbothospice.org](http://www.talbothospice.org), and will publish notification and information regarding its program in local newspapers and publications such as *The Star Democrat*. The applicant states that its staff will assure that the public has access to the educational materials on the hospice program.

Talbot Hospice states that it currently has effective working relationships with, and will send information packets to, the University of Maryland Shore Medical Center at Easton, and each skilled nursing facility, assisted living facility, retirement community, and home health agency in Talbot County. The hospice maintains a list of all referring physicians in Talbot County, and will distribute an information packet to these providers as well. As a member of the Talbot County Commission on Aging, Talbot Hospice's Executive Director will distribute information regarding the program to this agency as well as the Talbot County Senior Center.

Talbot Hospice meets this standard.

**(2) Fees. An applicant shall make its fees known to prospective patients and their families before services are begun.**

Talbot Hospice's Finance Director will meet with the patient and/or family in-person or by telephone to go over the applicable fees for services. The applicant states that it will provide fee information at least two days in advance of providing any service for which a fee may be charged. The applicant will provide a probable eligibility determination no more than two days following a request for charity care; a final determination of eligibility may require additional time by Talbot Hospice for verification of the patient's financial information. The applicant provided a copy of the policy and procedures for fee notification. (DI #3, Exhibit III-05I(2), p. 128)

Talbot Hospice is in compliance with this standard.

**J. Charity Care and Sliding Fee Scale. Each applicant shall have a written policy for the provision of charity care for indigent and uninsured patients to ensure access to hospice services regardless of an individual's ability to pay and shall provide hospice services on a charitable basis to qualified indigent persons consistent with this policy. The policy shall include provisions for, at a minimum, the following:**

**(1) Determination of Eligibility for Charity Care. Within two business days following a patient's request for charity care services, application for medical assistance, or both, the hospice shall make a determination of probable eligibility.**

The applicant states in its Charity Care Policy that "Talbot Hospice will make a determination of probable eligibility and communicate the determination of probable eligibility to the patient and/or responsible party within two business days following a patient's request for charity care services." (DI #3, Exhibit III-05J, p. 130)

The applicant is consistent with this requirement.

**(2) Notice of Charity Care Policy. Public notice and information regarding the hospice's charity care policy shall be disseminated, on an annual basis, through methods designed to best reach the population in the hospice's service area, and in a format understandable by the service area population. Notices regarding the hospice's charity care policy shall be posted in the business office of the hospice and on the hospice's website, if such a site is maintained. Prior to the provision of hospice services, a hospice shall address any financial concerns of patients and patient families, and provide individual notice regarding the hospice's charity care policy to the patient and family.**

Talbot Hospice will publish annual notice of the hospice's charity care policy in publications such as the local newspaper, *The Star Democrat*, and will also distribute information to the Talbot County Health Department, the Talbot County Department of Social

Services, and the Talbot County Commission on Aging. The hospice will have a copy of its charity care policy in the business office, and on its website at [www.talbothospice.org](http://www.talbothospice.org). The Finance Director will meet with each patient and their family at least two days in advance of providing any service, and will provide individual notice regarding the charity care policy to the patient and family.

Talbot Hospice's response meets the notice of charity care provision.

**(3) Discounted Care Based on a Sliding Fee Scale and Time Payment Plan Policy. Each hospice's charity care policy shall include provisions for a sliding fee scale and time payment plans for low-income patients who do not qualify for full charity care, but are unable to bear the full cost of services.**

The applicant's sliding fee scale will range from full payment of fees to zero payment required. Talbot Hospice states it may make exceptions to the sliding fee scale on a case-by-case basis for patients in need of assistance. (DI#3, Ex.III-05J, p. 130)

Talbot Hospice meets this requirement.

**(4) Policy Provisions. An applicant proposing to establish a general hospice, expand hospice services to a previously unauthorized jurisdiction, or change or establish inpatient bed capacity in a previously authorized jurisdiction shall make a commitment to provide charity care in its hospice to indigent patients. The applicant shall demonstrate that:**

**(a) Its track record in the provision of charity care services, if any, supports the credibility of its commitment; and**

Talbot Hospice cited its 30+ year history of providing care without regard to a patient's ability to pay. The applicant currently provides all bereavement, spiritual counseling and volunteer services without charge. Talbot Hospice provides supplies such as disposable pads, wipes, gowns, gloves, barrier creams, and light durable medical equipment to patients and families enrolled in the program; the hospice does not receive any reimbursement, and does not charge patients for these items.

From its opening in 1998 until 2011, the hospice did not charge room and board to residents staying at *The Guest Wing*. Since 2011, Talbot Hospice introduced a sliding fee scale that asks the resident to bear some of the costs for room and board up to 50% of the actual costs based on their ability to pay. The applicant states no one is ever turned away for care due to financial reasons. The program's website states that at least half of the patients who stay at *the Guest Wing* residents pay as little as \$10 a day for room and board due to their financial situation. Additional information on this program is located at <http://talbothospice.org/programs-and-services/hospice-house-guest-wing/>

Talbot Hospice has shown a strong commitment to provision of charity care. It complies with this standard.

**(b) It has a specific plan for achieving the level of charity care to which it is committed.**

The pro-forma revenue and expense schedule presented in the CON application shows that Talbot Hospice projects providing charity care equivalent to approximately 0.5 – 1.0% of gross revenue for charity care between the years 2015-2018. (DI#13, Table 4) This level is consistent with statewide experience as reported in the MHCC Hospice Survey.<sup>4</sup>

Talbot Hospice states it will maintain a significant level of charity care in Talbot County. The following actions by the Board of Trustees support this commitment:

- Creation of business projections in the current and future budgets that include a line item for the provision of charity care
- Ensuring sufficient revenue from Medicare reimbursement, donations, and endowment income to enable the commitment to charity care
- Annual review of the prior experience with respect to charity care in order to make adequate provisions in future budgets
- Monitoring of utilization as well as review feedback from the community to ensure that all residents of Talbot County have access to quality end-of-life care regardless of their economic circumstances

Talbot Hospice complies with this standard.

**K. Quality.**

**(1) An applicant that is an existing Maryland licensed general hospice provider shall document compliance with all federal and State quality of care standards.**

Currently Talbot Hospice operates as a limited hospice care program which seeks to become a licensed general hospice care provider; this standard is not applicable.

**(2) An applicant that is not an existing Maryland licensed general hospice provider shall document compliance with federal and applicable state standards in all states in which it, or its subsidiaries or related entities, is licensed to provide hospice services or other applicable licensed health care services.**

Talbot Hospice has a satisfactory, though mixed, history with regard to the type of care delivered by this limited license hospice care program. On January 27, 2009, the Office of Health Care Quality submitted a letter to Talbot Hospice listing a number of State deficiencies resulting from a survey conducted by the agency from January 6 through 8, 2009. OHCQ cited a number of issues related to THF's license as a limited hospice care program that "provides palliative and supportive non-skilled services during illness and bereavement through a home-based hospice care program." The inspection raised concerns with regard to: THF's certified nursing assistants (CNAs) providing skilled care without adequate supervision by either Shore's

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<sup>4</sup> Statewide in 2012, 0.94% of total hospice patient days were reported by hospices as uncompensated days, a broader category than charity care. Data for 2013 has not yet been aggregated. The survey was revised to provide a clearer picture of charity care provision.

nursing staff or by any other registered nurse empowered to act as the primary case manager performing oversight and supervision over the CNAs; and the governing body's failure to assure the annual policy review of administrative and clinical policies and procedures resulting in complete, accurate policies not being available for staff direction. (DI #24, February 2, 2009 letter response from THF to OHCQ, p. 2 – 13)

Talbot Hospice submitted a plan of correction ("POC") that addressed these deficiencies in a letter to OHCQ dated April 27, 2009. Talbot Hospice included a 1998 letter from the Maryland Board of Nursing that articulated the delegation of nursing responsibilities between the applicant and Shore. (DI #22, Exhibit A) The POC also included the corrections in policy regarding issues with the applicant's Policy and Procedure Manual. OHCQ reviewed these responses and accepted this plan of correction. OHCQ's letter states that "while Talbot (Hospice) will assist (a) patient in administering medication, Talbot does not accept individuals who require more involved nursing care... Given the unique history of Talbot, and based upon its established record of care, {OHCQ is} electing at this time not to pursue the licensure status issues." (DI #22, Exhibit B) While OHCQ stated that "an unannounced follow-up visit may occur..." THF states that OHCQ did not conduct a subsequent survey and no further licensure action was pursued. (DI #22, p. 1)

A complaint concerning the care provided to a patient in 2011 was investigated by OHCQ. On August 11, 2011, OHCQ found that "the complainant's allegations were not substantiated" and that "THF was in compliance with the requirements." (DI #22, Exhibit D)

On December 17, 2013, OHCQ conducted a pre-licensure survey for the six-bed Guest Wing. The results were that "the facility was ...in compliance with COMAR 10.07.14, Requirements for Assisted Living Facilities." (DI #22, Exhibit C) As noted, licensure of this facility as an ALF appears to be an interim accommodation made by OHCQ for THF. The facility would be properly licensed as a hospice house but THF is currently prohibited from being a hospice house licensee because it is not a general hospice.

Shore is currently the only licensed general hospice providing care for Talbot County. Under the Coordinating Agreement, Talbot Hospice assists Shore Health in compliance with all federal and State quality of care standards. Talbot Hospice assists in the quarterly data collection for standards of care measures such as: patient safety-falls, with and without injury; medication errors; and other miscellaneous incidents. The findings from the quality of care measures are presented at Shore Health's Professional Advisory Committee meetings and correlated into the hospice program's findings on care provided to patients.

Talbot Hospice also sends out family satisfaction surveys to evaluate the programs offered by the applicant; the hospice analyzes these findings annually to assess potential areas for improvement. With regard to its assisted living facility license, Talbot Hospice states it complies with all State requirements for licensure, including but not limited to: COMAR 10.07.14, *et seq.*, setting forth standards applicable to assisted living facilities; Life Safety Code-NFPA 101; the State Fire Prevention Code and state fire safety surveys; OSHA workplace safety rules; and worker's compensation. (DI #10, p. 21.21)

**(3) An applicant that is not a current licensed hospice provider in any state shall demonstrate how it will comply with all federal and State quality of care standards.**

Talbot Hospice states it is committed to the National Hospice and Palliative Care Organization's ("NHPCO's") Outcome Measures and will use the NHPCO's Ten Components of Quality as a comprehensive framework for organizing, assessing and monitoring the clinical and non-clinical operations of the program.<sup>5</sup> The applicant will have a Quality Assessment Performance Improvement ("QAPI") Structural Measurement program in place that will report at least three patient care-related performance measures. This reporting will assist Talbot Hospice in reporting quality measures under the CMS Hospice Quality Reporting program.<sup>6</sup>

The applicant will also comply with the requirements for reporting the Hospice Item Set (HIS), which will include seven hospice quality measures<sup>7</sup>, and preparing for the January 1, 2015 administration of the Consumer Assessment of Healthcare Providers and Systems ("CAHPS") Hospice Survey to hospice patients and their primary caregivers. (DI #10, p. 21.21-21.22)

**(4) An applicant shall document the availability of a quality assurance and improvement program consistent with the requirements of COMAR 10.07.21.09.**

Talbot Hospice states that it will have a Quality Assurance and Utilization Review Program that is compliant with COMAR 10.07.21.09. The applicant included a copy of the program's goals and framework, which commit the program to "ensure the fulfillment of Talbot Hospice's mission to offer hope, compassionate support, and services to members of the community facing end of life by providing person- and family-centered care both in their homes and in residential settings". (DI #10, Exhibit III-05K, p. 132-135)

**(5) An applicant shall demonstrate how it will comply with federal and State hospice quality measures that have been published and adopted by the Commission.**

Talbot Hospice will comply with all quality measures selected and published for assessing the quality of care, and will cooperate to work on data collection that reports on these quality measures.

Based on the responses for (1) through (5), Talbot Hospice has demonstrated compliance with the requirements of this standard.

**L. Linkages with Other Service Providers.**

**(1) An applicant shall identify how inpatient hospice care will be provided to patients, either directly, or through a contract with an inpatient provider that ensures continuity of patient care.**

Applicant anticipates executing agreements with the University of Maryland Shore Medical Center at Easton to provide inpatient care and laboratory services, as well as a link to

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<sup>5</sup> Further details are available at <http://www.nhpco.org/quality/10-components-quality-care>.

<sup>6</sup> Further details are available at <http://www.nhpco.org/quality-reporting>.

<sup>7</sup> Further details available at <http://www.nhpco.org/quality/hospice-item-set-his>.



Shore's home health care program; and with Hospice of Queen Anne's to provide general inpatient care for Talbot County hospice patients.

Talbot Hospice intends for the agreements to identify the division of work between Talbot Hospice and the inpatient care provider, and will: (i) mandate that employees of the inpatient care provider receive training in hospice philosophy, care and post-mortem care; (ii) provide nursing care to hospice patients on a twenty-four hour basis; and (iii) set standards for the physical environment, including but not limited to private care settings, visitation without restrictions on the ages of visitors or the hours of visiting, privacy for family after a patient's death, and a home-like environment that supports patient dignity.

Talbot Hospice will retain responsibility for evaluating services, maintaining professional management responsibility, and ensuring continuity of care in all settings through its performance improvement program and corporate compliance program. The hospice patient's case manager will provide the inpatient staff with the patient's plan of care, which will address the inpatient services provided. The inpatient clinical record will include documentation of all services and events, including a discharge summary when applicable. The case manager will collaborate with the attending physician and staff to manage symptoms while the patient is under inpatient care, as well as facilitate a smooth discharge and transition from the patient and family to return home or to an alternate level of care. The hospice will be responsible for the coordination of the patient's transfer into and out of the inpatient setting. (DI#10, p. 21.24-25)

**(2) An applicant shall agree to document, before licensure, that it has established links with hospitals, nursing homes, home health agencies, assisted living providers, Adult Evaluation and Review Services (AERS), Senior Information and Assistance Programs, adult day care programs, the local Department of Social Services, and home delivered meal programs located within its proposed service area.**

Talbot Hospice currently has working relationships with the following nursing homes and assisted living facilities: William Hill Manor Healthcare and William Hill Gardens; The Pines Genesis Eldercare; Heartfields Assisted Living at Easton; Candle Light Cove; Dixon House; and the Guest Wing at Talbot Hospice Foundation. The applicant currently has in place a contract with Craig's Pharmacy for durable medical equipment and supplies, and with Hill's Pharmacy for pharmacy services. The hospice anticipates executing agreements with the University of Maryland Shore Medical Center at Easton to provide inpatient care, laboratory services, and home health care, and with the Hospice of Queen Anne's to provide general inpatient care. (DI #10, p. 21.25)

Talbot Hospice states that it has a strong and long-term relationship with the Talbot County Health Department, which it will use in efforts to promote access for hospice services to underserved community populations and developmentally disabled individuals. The applicant anticipates establishing linkages with the Talbot County Social Services Department, and has relationships with a number of local organizations, including the Veteran Services Center, the Veterans of Foreign Wars, the local Senior Center, Shore Regional Cancer Center, Talbot Interfaith Shelter, and the Talbot County Mental Health Association.

Talbot Hospice complies with this standard.

**M. Respite Care. An applicant shall document its system for providing respite care for the family and other caregivers of patients.**

Talbot Hospice will offer respite care to hospice patients at times when the patient and /or family need a short period of relief in one of the contracted Medicare and/or Medicaid-certified skilled facilities in Talbot County, i.e., either William Hill Manor Healthcare or The Pines Genesis Eldercare. Talbot Hospice's Respite Care Policy commits it to "ensure that the respite care facility has sufficient staffing to meet the patient's total needs...insuring that the patient is kept comfortable, clean, well groomed, and safe from falls, injuries, and infection." This service will be offered on an as needed basis for a maximum of five days per respite admission, and in accordance with the patient's plan of care as established by the hospice's interdisciplinary group. Talbot Hospice will be responsible for the coordination of the patient's transfer into and out of the respite care facility. The applicant includes a copy of the policy and procedures. (DI #3, Ex. III-05M, p. 137-138)

Talbot Hospice complies with this standard.

**N. Public Education Programs. An applicant shall document its plan to provide public education programs designed to increase awareness and consciousness of the needs of dying individuals and their caregivers, to increase the provision of hospice services to minorities and the underserved, and to reduce the disparities in hospice utilization. Such a plan shall detail the appropriate methods it will use to reach and educate diverse racial, religious, and ethnic groups that have used hospice services at a lower rate than the overall population in the proposed hospice's service area.**

As a long-standing limited hospice, Talbot Hospice Foundation has operated an active education and outreach program for many years. THF submitted a detailed copy of its public education plan in the form of a policy that aspires to "operate a high-quality public education program designed to increase awareness of the hospice program and services among the terminally ill and their caregivers, with a particular focus on outreach to underserved communities." (DI #3, Exhibit III-05N, p. 141 – 146) Some of the programs and initiatives described in the plan include:

- Educational seminars for the health professional community, the clergy, and school counselors that target those individuals who are connected to populations underserved by Talbot Hospice in this jurisdiction.
- A Speaker's Bureau that brings Talbot Hospice speakers to existing community organizations. The Speaker's Bureau is advertised via the applicant's website, various community publications, an annual mailing, and included in community presentations. The speakers are available for presentations before civic and service groups, church groups, companies, school groups that include high school and college, medical professionals, counseling professionals, and social service agencies.
- Print media such as press releases, brochures, newsletters, and an annual report.
- Use of a website and social media. Besides the website at [www.talbothospice.org](http://www.talbothospice.org), Talbot Hospice maintains a Facebook page and an e-mail listserve. The hospice also

is a member of the Talbot Chamber of Commerce, utilizing the Chamber's email list to distribute information to all Chamber members.

- With regard to reaching out to underserved populations, the applicant cites its submission of a grant proposal to the Quality Health Foundation to fund an African American Outreach Project with the goals of: increasing access to Talbot Hospice's assisted living facility; improving home care service; and developing strategies to support this underserved population in culturally sensitive and appropriate ways during their time of loss. The applicant also addressed its outreach to the Hispanic community, citing the fact that it has translated educational brochures into Spanish and recruited bilingual staff and volunteers who will be assigned to the Spanish-speaking patients. Similarly, Talbot Hospice maintains in its volunteer data base information regarding a volunteer's knowledge of other languages, which may be used for future patients should the need arise. These languages currently include Spanish, French, German, Indonesian, Malay, and sign language.

Talbot Hospice has adequately addressed the requirements of this standard.

**O. Patients' Rights. An applicant shall document its ability to comply with the patients' rights requirements as defined in COMAR 10.07.21.21.**

Talbot Hospice provides a copy of its policy on *Patient and Family Rights and Responsibilities*. (DI #3, Exhibit III-05O, p. 148-149) The applicant's policy addresses each of the twelve rights set forth in COMAR 10.07.21.21. Each patient receives a verbal explanation of this policy, as well as a written copy. A copy of this policy – signed by the patient and/or patient representative – is inserted into the patient's record. Talbot Hospice states that it has a strong record of respecting patient rights.

Talbot Hospice meets the requirements of this standard.

**P. Inpatient Unit: In addition to the applicable standards in .05A through O above, the Commission will use the following standards to review an application by a licensed general hospice to establish inpatient hospice capacity or to increase the applicant's inpatient bed capacity.**

**(1) Need. An applicant shall quantitatively demonstrate the specific unmet need for inpatient hospice care that it proposes to meet in its service area, including but not limited to:**

**(a) The number of patients to be served and where they currently reside;**

**(b) The source of inpatient hospice care currently used by the patients identified in subsection (1) (a);**

**(c) The projected average length of stay for the hospice inpatients identified in subsection (1) (a).**

**(2) Impact. An applicant shall quantitatively demonstrate the impact of the**

establishment or expansion of the inpatient hospice capacity on existing general hospices in each jurisdiction affected by the project, that provide either home-based or inpatient hospice care, and, in doing so, shall project the impact of its inpatient unit on future demand for hospice services provided by these existing general hospices.

(3) Cost Effectiveness. An applicant shall demonstrate that:

(a) It has evaluated other options for the provision of inpatient hospice care, including home-based hospice care, as well as contracts with existing hospices that operate inpatient facilities and other licensed facilities, including hospitals and comprehensive care facilities; and

(b) Based on the costs or the effectiveness of the available options, the applicant's proposal to establish or increase inpatient bed capacity is the most cost-effective alternative for providing care to hospice patients.

Since Talbot Hospice does not propose to directly provide inpatient hospice care, staff finds that this standard is not applicable.

#### **B. COMAR 10.24.01.08G(3)(b) NEED**

*Need. The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.*

The applicant's initial response was that since THF proposed to replace an existing hospice that was withdrawing from serving the county, a need analysis was "not necessary in this unique circumstance because Talbot County will in any event continue to require at least one authorized hospice provider." (DI#3, p. 22) When asked by staff to quantify this need, THF drew upon population projections from: the Maryland Department of Planning; death rates from the Maryland Vital Statistics Annual Report 2012; historical Talbot County admissions to Shore Hospice; and need projections from **COMAR 10.24.12: Supplement Tables, State Health Plan for Facilities and Services: Hospice Services Chapter** to arrive at its projected hospice use rate and volume forecast, presented in Table IV-1 below.

Table IV-1

Calendar Year	Projected years - ending with first year at full utilization			
	2015	2016	2017	2018
Admissions	151	173	185	194
Deaths	121	137	147	154
Non-death discharges	28	33	37	37
Patients served	177	201	216	226
Average Length of Stay	52	50	50	52
Average daily hospice census	25.2	28.8	30.8	32.3

DI #3, Table 2A, p. 208

Staff believes the projected volumes to be reasonable estimates, and, in fact, slightly conservative, based on the following facts:

- **COMAR 10.24.12: Supplement Tables, State Health Plan for Facilities and Services: Hospice Chapter** projects that Talbot County would expect 188 hospice admissions in 2016, compared to the applicant's projection of 173 in that year.
- The 2012 Vital Statistics Report indicates that Talbot County had a total of 429 total deaths reported,<sup>8</sup> and a death rate of 1,126.0 per 100,000.<sup>9</sup> Applying the target hospice use rate of 0.45 to 429 deaths would yield 193 expected hospice admissions. While the actual use rate was lower (0.39), it is on an upward trend, moving from 0.32 in 2007 to 0.39 in 2012 (MHCC Annual Hospice Surveys).
- According to the MHCC Annual Hospice Survey, there were 168 Talbot County admissions to Shore Hospice in 2012.

In this situation – i.e., the current hospice provider planning to withdraw from the service and arranging to be succeeded by collaboration partners (HQA and THF) – the applicant's proposal would fulfill the need for hospice services in Talbot County. Although that need would be filled initially by HQA, the plans developed by THF, Shore Hospice, and HQA are for the latter's role in Talbot County to be temporary.

The information available to MHCC through this application and other sources leads staff to conclude that the "bottom line" in Talbot County for consumers of hospice care with respect to availability, accessibility, and affordability of such care is unlikely to change in any material way if this application is approved and the collaborative planning by the existing general hospice providers in the region is implemented. Talbot County will continue to have a single general hospice provider, because Shore is planning to terminate its hospice operations and Shore's successor, HQA, has committed to THF that it will not compete with it for hospice patients in Talbot County if THF is able to establish a general hospice. There is no basis for believing that

<sup>8</sup> DI #13, Exhibit 7, p. 152.

<sup>9</sup> DI #13, Exhibit 7, p. 185.

THF, as a general hospice, will not be able to maintain the same level of availability, accessibility, and affordability currently enjoyed by the residents of Talbot County and these are the elements most directly relevant to the criterion of “need.” For this reason, staff concludes that there is not a basis for finding that this project does not meet a population need.

The basis for assessing whether THF, as a new provider of general hospice care, will be as effective as Shore or HQA in quality of care and effective delivery of care is less certain. However, these are less relevant elements with respect to the criterion of “need.” THF does not have a track record in providing this level of hospice service.

### **C. COMAR 10.24.01.08G(3)(c) AVAILABILITY OF MORE COST-EFFECTIVE ALTERNATIVES**

*Availability of More Cost-Effective Alternatives. The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.*

As previously described, this application has been submitted in the context of a plan, developed by the existing general hospice providers in the Mid-Shore region, wherein the current provider of care in Talbot County is withdrawing from the provision of hospice services via a proposed consolidation with Hospice of Queen Anne’s, thereby expanding HQA’s authorized service area to include Talbot and Caroline Counties. This proposed transaction would occur on the heels of HQA’s recent acquisition of the hospice assets of Chester River Home Care and Hospice. In that transaction, as well as its pending merger/acquisition of Shore’s hospice operations, HQA stated that those consolidations were in the public interest because they brought economies of scale to the delivery of hospice services.

However, under the terms of the currently proposed transaction, HQA has agreed to a provision obligating it to cease providing services in Talbot County if and when Talbot Hospice Foundation (“Talbot Hospice”) becomes ready to assume the role of a general hospice. HQA has stated that it “would have preferred” to continue serving Talbot County but was agreeing to withdraw in order to “maintain a collegial relationship with Talbot Hospice.”

Thus one possible alternative scenario would be for HQA to continue as a general hospice provider in Talbot County following its acquisition of the hospice assets of Shore Home Care and Hospice.

Given this scenario, the applicant was asked why approving Talbot Hospice, triggering withdrawal of HQA from the jurisdiction, is a more cost-effective alternative than simply allowing HQA to expand into Talbot County, realizing further economies of scale in its operation.

In response, THF made the following points. (DI# 22, p. 7-9)

1. It stated that HQA has informed THF that it would operate at a loss in Talbot County, with a possible gap between third-party reimbursement for services rendered by HQA

and HQA's actual cost of providing such services. As a result, HQA requested, and THF agreed, to provide a subsidy from Talbot Hospice for interim services in Talbot County to reflect increased incremental costs to HQA for serving Talbot County. This subsidy amounts to **\$25.00** per census day up to an average of **\$555.56** per day total. In contrast, THF expects to break even in its general hospice operations by 2020.

2. THF posited that community-based hospice programs realize few economies of scale because they are not capital-intensive. The applicant cited a report from the Medicare Payment Advisory Commission, which said that "[h]ospices are not as capital intensive as some other provider types because they do not require extensive physical infrastructure."<sup>10</sup> THF points out that direct patient care staff is a variable cost, capable of being flexed up and down with volumes.

3. THF maintained that administrative costs (e.g. administrative salaries) are "net neutral" between HQA and Talbot Hospice. That is, Talbot Hospice already has an executive director and an administrator, so that the ongoing administrative costs for this hospice project are not necessarily *incremental* increases in *actual* cost to Talbot Hospice or the health care delivery system.

4. THF pointed out the considerable community support it has engendered over many years of service, citing the 300+ letters of support submitted with the application in addition to its large network of volunteers and donors. The applicant states that these residents from Talbot County help provide savings in manpower and administrative costs. In addition, the applicant has cultivated a program of financial support which it believes would be difficult for a newly-entering hospice program to replicate.

Staff is dubious that HQA's financial performance would suffer through incorporation and maintenance of Talbot County into its authorized service area [and that the subsidies negotiated have a different underlying basis]. Staff also believes that, while THF is correct that capital-intensive production processes may more readily lend themselves to certain economies as scale is ramped up, we also believe that higher patient volume within a reasonably compact geographic region such as the Mid-Shore is likely to allow for lower staff hours per unit of service produced, and that agencies delivering care to dispersed patients in the patients' homes, can reduce their unit cost through growth in patient volume.

The other two points made by THF are sound. THF has a history and track record of public acceptance and support that justify some optimism that it can elevate itself to be an effective provider of general hospice services at a reasonable cost. It is clearly not prepared to give way in its current role as a limited hospice, even if the opportunity to "graduate" to general hospice status is denied, and this continued role means that some fixed cost associated with being a general hospice will continue regardless.

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<sup>10</sup> Medicare Payment Advisory Commission (MedPAC), *Report to the Congress: Medicare Payment Policy*, March 2014, p. 315, available at [http://www.medpac.gov/documents/mar14\\_entirereport.pdf](http://www.medpac.gov/documents/mar14_entirereport.pdf). [hereinafter, *MedPAC Report*.]

While a more “cost-effective” alternative to the delivery of general hospice services may exist, it is not an alternative that has been put forward for consideration by MHCC. When the totality of the proposed changes that have already been authorized in the Mid-Shore (the merger of HQA and Chester River) and are proposed (this application and the exemption application also before the Commission), improvements in cost-effectiveness are likely. If the plans are implemented, three general hospices serving the four-county region will be replaced by two general hospices, one of which will have a substantially larger service area. This hospice, HQA, also appears to be effective at producing high levels of hospice use.. On this basis, staff recommends that this application be found to be a cost-effective approach to meeting the objectives of the project, one of which is the ability of THF to continue to operate the Guest Wing it developed under the appropriate hospice house license for that facility and provide the full array of services needed by its residents.

#### **D. COMAR 10.24.01.08G(3)(d) VIABILITY OF THE PROPOSAL**

*Viability of the Proposal. The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.*

##### **Availability of Resources to Implement the Project**

Since the applicant has operated as a limited hospice care program for many years, it has clergy and volunteers providing palliative and supportive non-skilled services. THF has an agreement with HQA – if and when it is authorized to service Talbot County – to hire and train skilled staff who would then transfer to THF if and when it receives a CON and license to provide a general hospice program. The applicant expects to incur a cost of about \$1.2 million to hire a total of 16.75 FTEs who will staff the program, and does not anticipate any problems with the availability of resources to operate the hospice program.

##### **Availability of Resources Necessary to Sustain the Project**

As demonstrated in Table IV-2 below, the proposed general hospice would be heavily dependent on endowment income and donations in the initial years of operation. This assumption is realistic, as THF has demonstrated strong community support; its audited financial statements for 2012 and 2013 showed “total contributions” to have averaged \$1,968,786 between 2011 and 2013. In those same years, endowment income averaged \$1,533,333. These audited financials showed net assets of \$10.3 million. The value of the endowment by June 30, 2013 was approximately \$5.6 million.



**Table IV-2: Abridged Financial Pro-Forma Statement – Talbot Hospice\* (DI# 23)**

	2015	2016	2017	2018	2019	2020
Net patient services revenue	\$1,399,046	\$1,578,363	\$1,757,679	\$1,936,998	\$2,130,698	\$2,343,768
Total operating expenses**	\$1,871,462	\$1,953,728	\$2,036,628	\$2,120,179	\$2,206,945	\$2,297,303
Income from hospice operations	(\$472,416)	(\$375,365)	(\$278,949)	(\$183,181)	(\$76,247)	\$46,465
Other operating revenue ***	\$300,000	\$306,900	\$313,959	\$321,180	\$327,604	\$334,156
<b>Total</b>	<b>(\$172,416)</b>	<b>(\$68,465)</b>	<b>\$35,010</b>	<b>\$137,999</b>	<b>\$251,357</b>	<b>\$380,621</b>
* Excerpted from applicant's submission (DI #23), which is attached in its entirety as Appendix 2						
** Includes an allocation for Development staff and expenses						
***Endowment income, donations						

THF projects that net patient services revenue would exceed total operating expenses by 2020. Using data drawn from recent MHCC Hospice Surveys, the projected level of net patient revenue for 2020 would require THF to reach approximately 239 admissions in that year. Based on the projections discussed under the Need criterion, this level of growth could be somewhat aggressive, but not out of the realm of possibility as the population grows and ages, and if the use rate approaches the target rate of 0.45.

Given the substantial philanthropic resources that THF is willing to commit to subsidize the early years of its operation as a general hospice program, staff concludes that the applicant has demonstrated the viability of this proposed project.

**E. COMAR 10.24.01.08G(3)(e) COMPLIANCE WITH CONDITIONS OF PREVIOUS CERTIFICATES OF NEED**

*Compliance with Conditions of Previous Certificates of Need. An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.*

The applicant states that Talbot Hospice Foundation has not received, and the Commission records confirm that a certificate of need has not been issued to Talbot Hospice Foundation. Therefore, this standard is not applicable.

**F. COMAR 10.24.01.08G(3)(f) IMPACT ON EXISTING PROVIDERS AND THE HEALTH CARE DELIVERY SYSTEM**

*Impact on Existing Providers and the Health Care Delivery System. An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and*

*demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.*

### **Impact on other hospice providers**

As described earlier in this report under the Impact standard, COMAR 10.24.13.05G, the applicant has negotiated with the general hospices in the region to effectively eliminate any competitive impact associated with this project.

Talbot Hospice Foundation would essentially replace Shore as the general hospice service provider in Talbot County, and Hospice of Queen Anne's, which is merging with Shore, will only serve Talbot County through a transitional period during which THF would establish its general hospice operations.

### **Staffing**

The following table provides a breakdown on the number and type of employees who will staff the licensed general hospice program.<sup>11</sup> The total cost of hiring a total of 16.75 FTE to staff Talbot Hospice's general hospice care program is \$1,198,996 in salaries and benefits. The hiring of these personnel would be in addition to the staff that currently works at the Guest Wing.

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<sup>11</sup> Does not include the personnel who currently staff the Guest Wing, the six-room assisted living unit.

**Table IV-4  
General Hospice Operations**

<b>Position</b>	<b>FTEs</b>	<b>Average Salary</b>	<b>Employee/Contractual</b>	<b>Total Cost</b>
<b>Administration</b>				
Executive Director*	0.75	110,000	Employee	82,500
Finance Director*	0.75	66,560	Employee	49,920
Office Manager*	0.75	46,794	Employee	35,096
Billing Rep	1	35,000	Employee	35,000
Communications**	0.5	51,070	Employee	25,535
<b>Direct Care</b>				
Nursing	4.75	64,877	Employee	308,166
Social Work/services	1	43,100	Employee	43,100
Hospice aides	3	35,148	Employee	105,444
Physicians - paid	0.3	151,000	Contractual	45,300
Physicians - volunteer	0	0		0
Chaplains	0.5	34,112	Employee	17,056
Other clinical: bereavement and volunteer coordinators*	1.95	50,605	Employee	98,680
<b>Support</b>				
Other support**	1.5	58,183	Employee	87,275
<b>Total</b>	<b>16.75</b>			<b>\$933,071</b>
<b>Benefits *</b>				<b>\$265,925</b>
<b>Total Cost</b>				<b>\$1,198,996</b>

Table IV-5 projects the number of visits by discipline that staff will make to patients.

**Table IV-5**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Visits by Discipline</b>				
<b>Skilled nursing</b>	2,310	2,633	2,818	2,957
<b>Social work</b>	574	654	700	734
<b>Hospice aides</b>	3,642	4,151	4,442	4,662
<b>Physicians – paid</b>	137	156	167	175
<b>Physicians – volunteer</b>	0	0	0	0
<b>Chaplain</b>	1,041	1,186	1,269	1,332
<b>Other clinical</b>	520	593	635	666

As previously discussed in COMAR 10.24.13.05G, *Impact*, Talbot Hospice will pay a subsidy to HQA to train hospice-related health care practitioners who will be hired by and

transition to the hospice upon the granting of the CON and licensure of the hospice program. This subsidy is a cost absorbed by Talbot Hospice for training these individuals.

The establishment of Talbot Hospice as a general hospice care program will not have an adverse impact on other providers serving Talbot County. The applicant does not anticipate any problems recruiting and retaining staff for its program. Therefore, Talbot Hospice is found to comply with this standard.

### **Impacts on costs and charges and costs to the health care delivery system**

Given that the vast majority of hospice patients are covered by Medicare, with fixed reimbursement rates established by the federal government independent of the cost experience of individual providers, there will not be a substantive impact on costs or charges of other providers, nor will there be a substantive impact on costs to the health care system.

## **V. SUMMARY AND RECOMMENDATION**

### **The State Health Plan**

The Hospice Services Chapter, COMAR 10.24.13: Hospice Services (the Chapter”). The Chapter contains applicable hospice standards, at 10.24.13.05. THF has provided documentation of its current or future ability to meet the State Health Plan standards which specify the services and resources it must provide, and prescribe standards for provision of information, quality, charity care and financial accessibility.

### **Need**

THF is replacing the sole existing provider of general hospice services in Talbot County, rather than becoming an additional one. In a separate action, HQA has received/is seeking MHCC approval to replace the sole existing providers of general hospice services in Kent and Caroline Counties. The mode in which the population’s need for hospice care is met will not change. Only the provider will change.

### **Cost-Effectiveness of Alternatives**

Given the existence of an administrative infrastructure already in place and its history and track record as a limited hospice, THF should be able to provide hospice services in Talbot County effectively and at a reasonable cost.

### **Viability of the Proposal**

THF has strong community support and a large network of volunteers and donors to support the program. It has a strong financial position and robust fund-raising history that buttresses its willingness and ability to subsidize its hospice operations, if needed. It should have the ability to support its operational costs from operating revenue within five years of initiating service if realistic growth in patient volume is achieved.

### **Impact on Existing Providers and the Health Care Delivery System**

This proposal has been developed in negotiation with existing providers. It will not have a negative impact on existing providers, and should not have a substantive impact on the cost of hospice care for consumers or payors.

IN THE MATTER OF  
  
TALBOT HOSPICE  
  
FOUNDATION, INC.

DOCKET NO. 14-20-2353

\*  
\*       BEFORE THE  
\*  
\*       MARYLAND HEALTH  
\*  
\*       CARE COMMISSION  
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**FINAL ORDER**

Based on the analysis and recommendations in the Staff Report and the record in this review, it is, this 18th day of September, 2014, **ORDERED**:

That the application filed by Talbot Hospice Foundation to establish a general hospice authorized to serve Talbot County at a total project expenditure of \$225,100 is hereby **APPROVED, with the following two conditions**:

- 1. Care Health Services, Inc., d/b/a Shore Home Care and Hospice, must provide evidence to the Commission that it has relinquished its hospice license.*
- 2. THF must abide by OHCQ's determination of the proper licensure status for its "Guest Wing, "which is currently licensed as an assisted living facility.*

**MARYLAND HEALTH CARE COMMISSION**

## **APPENDIX 1: Record of the Review**

### RECORD OF THE REVIEW

Docket Item #	Description	Date
1	Jonathan E. Montgomery, Esq., Gordon Feinblatt LLC, files a letter of intent ("LOI") on behalf of Talbot Hospice Foundation, Inc. ("THF") to establish a general hospice provider serving Talbot County. MHCC staff acknowledges in a letter dated April 14, 2014 receipt of the LOI, and informs THF that the submission date for the CON application is no later than September 30, 2014.	April 2, 2014
2	Jonathan Montgomery, Esq., provides a copy of email receipt from Federal Express indicating delivery of THF's LOI to Kathleen H. Foster, Talbot County Health Officer.	April 9, 2014
3	Jonathan Montgomery, Esq., submits on behalf of THF a Certificate of Need ("CON") application to establish a general hospice care program in Talbot County.	June 2, 2014
4	Jonathan Montgomery, Esq., provides via email an electronic copy of Table 4 – Revenues and Expenses – Proposed Project.	June 3, 2014
5	Jonathan Montgomery, Esq., provides a copy of email receipt from Federal Express indicating delivery of THF's Table 4 – Revenues and Expenses – Proposed Project to Kathleen H. Foster, Talbot County Health Officer.	June 3, 2014
6	MHCC acknowledges receipt of this CON application by letter.	June 4, 2014
7	Staff requests that the next edition of the <i>Star-Democrat</i> publish notice of receipt of the CON application for Talbot County.	June 4, 2014
8	Staff requests that the <i>Maryland Register</i> publish notice of receipt of the CON application.	June 4, 2014
9	THF submits copies of letters of support for the CON application.	May 5-22, 2014
10	Jonathan Montgomery, Esq., submits copies of sections inadvertently omitted from the original filing of the CON application.	June 9, 2014
11	<i>Star-Democrat</i> provides proof of publication on the receipt of the CON application.	June 12, 2014
12	Commission staff reviews the CON application and requests additional information.	June 18, 2014
13	Jonathan Montgomery, Esq., submits on behalf of THF the response to completeness questions from June 18, 2014.	June 27, 2014
14	Kenneth D. Kozel, President & CEO, University of Maryland Shore Regional Health, Inc., submits letter explaining the agreement between Care Health Services, Inc., d/b/a Shore Home Care and Hospice with Hospice of Queen Anne's, Inc.	July 2, 2014
15	Staff informs THF that its CON application will be docketed for review effective August 8, 2014 and includes a request for additional information.	July 18, 2014



16	Staff requests that the next edition of the <i>Star-Democrat</i> publish notice of formal start of review of the CON application for Talbot County.	July 18, 2014
17	Staff requests that the <i>Maryland Register</i> publish notice of formal start of review for the CON application.	July 18, 2014
18	Staff sends request for Review and Comment on Certificate of Need Application to Talbot County Health Department.	July 21, 2014
19	The Star-Democrat provided proof of publication on the formal start of review for the CON application.	June 21, 2014
20	Jonathan Montgomery, Esq., submits on behalf of THF the response to questions from docketing letter of July 18, 2014.	July 31, 2014 & August 4, 2014
21	MHCC staff requests additional information to assist in preparation of the project report and recommendation.	August 25, 2014
22	Jonathan Montgomery, Esq., submits on behalf of THF the responses to questions from August 25, 2014.	August 28, 2014
23	Jonathan Montgomery, Esq., submits revised financial projections for THF.	September 5, 2014
24	Barbara Fagan, Program Manager, Office of Health Care Quality submits copy of THF Plan of Correction and OHCQ findings from January 8, 2009 survey of applicant.	July 29, 2014

## **APPENDIX 2: Revenue and Expense Statement**

**Talbot Hospice Foundation, DI #21 - Exhibit E, Table 4**

	Projected Years (ending with first full year at full utilization)					
	2015	2016	2017	2018	2019	2020
<b>Revenue</b>						
Inpatient Services	58,962	66,346	73,730	81,115	89,226	98,149
Outpatient Services	1,369,101	1,542,652	1,716,202	1,889,753	2,078,728	2,286,601
Gross Patient Revenue	1,428,063	1,608,998	1,789,932	1,970,868	2,167,954	2,384,750
Allowance for Bad Debt	3,385	3,747	4,109	4,471	4,918	5,410
Contractual Allowance	11,392	13,556	15,720	17,884	19,672	21,639
Charity Care (includes contractual allowances/non-covered portions of bills for patients)	14,240	13,332	12,424	11,515	12,666	13,933
Net Patient Services Revenue	1,399,046	1,578,363	1,757,679	1,936,998	2,130,698	2,343,768
Other Operating Revenue <sup>1</sup>	300,000	306,900	313,959	321,180	327,604	334,156
<b>Net Operating Revenue</b>	<b>\$1,699,046</b>	<b>\$1,885,263</b>	<b>\$2,071,638</b>	<b>\$2,258,178</b>	<b>\$2,458,302</b>	<b>\$2,677,924</b>
<b>Expenses</b>						
Salaries, Wages, Professional Fees (including benefits) <sup>2</sup>	1,198,996	1,226,573	1,254,784	1,283,644	1,313,168	1,343,371
Contractual Services (anesthesia services)	142,024	159,309	176,594	193,880	211,778	230,522
Supplies	302,303	334,384	366,465	398,546	433,008	469,439
Other Expenses (rent & admin overhead)	228,139	233,462	238,785	244,109	248,991	253,971
<b>Total Operating Expenses</b>	<b>\$1,871,462</b>	<b>\$1,953,728</b>	<b>\$2,036,628</b>	<b>\$2,120,179</b>	<b>\$2,206,945</b>	<b>\$2,297,303</b>
<b>Income</b>						
Income from Operation	\$(172,416)	-68,465	35,010	137,999	251,357	380,621
Non-Operating Income	0	0	0	0	0	0
Subtotal	\$(172,416)	-68,465	35,010	137,999	251,357	380,621
Income Taxes	\$ -	0	0	0	0	0
<b>Net Income</b>	<b>\$(172,416)</b>	<b>\$ (68,465)</b>	<b>\$ 35,010</b>	<b>\$ 137,999</b>	<b>\$ 251,357</b>	<b>\$ 380,621</b>

<sup>1</sup>Endowment income, donations.

<sup>2</sup>Includes development staff: \$122,825 in 2019 & \$125,650 in 2020.